



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 25, 2009

Chris Faller, Sr. Vice President Operations
Avail Medical Products, Inc.
5950 Nancy Ridge Drive, Suite 500
San Diego, CA 92121

Dear Mr. Faller:

RE: FINAL MONITORING VISIT REPORT for Avail Medical Products – ET07-0350

Date of the Visit:	3/25/09
Beginning/Ending Time:	N/A
Date of Last Visit:	9/09/08
Visit Location:	Via Teleconference
Persons in attendance:	Chris Faller, SR. VP Operations, Avail; Tom Bright and Jaymes Green, Quality Training Systems; and Krista Campion, Contract Analyst, and Melanie Garcia, Student Intern, Employment Training Panel
Action Required:	No

CONTRACT INFORMATION

Term of Agreement:	5/08/07 – 5/07/09	Agreement Amount:	\$173,808
Training Start Date:	5/08/07	No. to Retain:	142
Date Training Completed:	12/08/08	Range of Hours:	24 – 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	68

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ETP (04/15/05)

FINAL REPORT SUMMARY

- ***HISTORY OF AGREEMENT CHANGES***

The Agreement was executed on 6/08/07. Mr. Green confirmed that training commenced on this project on 5/08/07 and the last day of ETP training was 12/08/08, which allowed for the 90-day retention period to be completed within the term of the Agreement – 5/07/09.

ETP processed two Agreement Modifications during the term of the Agreement. Modification No. 1 revised the range of training hours from a maximum of 100 hours to a maximum of 200; and Modification No. 2 added Advanced MS Office Skills to the Computer Skills curriculum.

- ***INTERVIEW WITH THE SIGNATORY, CHRIS FALLER, SR. VICE PRESIDENT OPERATIONS***

Avail Medical Products designs, develops and manufactures sterile, single-use medical devices. This project was originally designed to train its frontline staff in Business Skills, Continuous Improvement, Computer Skills and Manufacturing Skills. You reported that, although Avail will not earn reimbursement for the maximum ETP Agreement amount, the ETP training was very effective and beneficial to the company.

You stated that overall the ETP training project increased job skills of the employees and you received good feedback from the employees on the training. Mr. Bright added that the primary focus of the ETP training was in Lean Six Sigma, Computer Skills and Leadership and Communication Skills. You stated that the Lean Six Sigma training allowed the company to drive the philosophy of Lean Manufacturing throughout the organization.

You stated that the company went through a merger at the end of 2007 (see prior Monitoring Report dated 3/26/08). The affects of the merger, including some restructuring at the company, a reduction in workforce, and the slowdown in the economy, impacted the training schedule. As a result, many trainees did not complete the minimum number of hours to qualify for reimbursement (see projected earnings below). Mr. Bright added that if the minimum number of training hours had been eight, rather than 24 training hours, Avail Medical would have earned significantly more under this contract.

PROJECT STATUS PROVIDED BY THE CONTRACTOR

Trainees Started Training:	218	Completed Retention:	75
Dropped Following Enrollment:	143	In Retention Period:	0
Completed 24 Minimum Hours for reimbursement:	75		
Completed Training:	75		

PROJECTED EARNINGS / NUMBER TO RETAIN

Mr. Green confirmed that 75 retrainees (53 percent of planned trainees) have completed the minimum number of hours to qualify for reimbursement, which is consistent with the information in the ETP class/lab tracking system. The per trainee reimbursement for class/lab training is based on the total actual number of training hours completed for each trainee, provided the minimum (24) and no more than the maximum (200) class/lab training hours are completed, and all other Agreement terms and conditions are met.

The 75 retrainees referenced above have completed from 24 to 187 hours of class/lab training, for a grand total of 3,634 hours of training. This equates to a potential reimbursement of \$65,412, assuming that all Agreement performance requirements are met. This amount is approximately 38 percent of the Agreement amount.

INVOICES

Mr. Green confirmed that all aforementioned 75 retrainees have completed the 90-day retention period, of whom seven retrainees have been placed. Therefore, there are 68 retrainees who will be billed for final payment. Mr. Green projects to submit the closeout invoice for all 68 retrainees by 3/27/09 to close out this project.

AUDIT

Avail Medical Products, Inc. will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Ms. Campion at 619-686-1917, or at kcampion@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,



Carole Robinson for Diana Torres, Manager
San Diego Regional Office



Krista Campion, Contract Analyst
San Diego Regional Office

cc: Tom Bright, Quality Training Systems
Jaymes Green, Quality Training Systems
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File